

## MEMORANDUM

TO: Ohio Valley Staff

FROM: Doug Bailie

DATE: October 15, 1999

RE: Year 2000 Business Plan

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My first year in the Ohio Valley has proven to be both rewarding and exciting. You have all contributed to quite a few accomplishments during that time. They include:

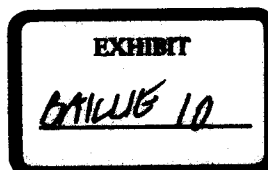
- \* The establishment of a regional structure,
- \* The turnaround of our CSD service,
- \* Establishment of training capabilities for CSD via a regional trainer
- \* The initiation of a Technical Insurance Group
- \* The establishment of account and agency management plans
- \* Utilization of performance management and competency assessment process and establishment of system to monitor
- \* Completed the Claims reorganization
- \* Put together the most populated Mountain View Indemnity cell in the Chubb organization
- \* Have already met the region's new business goal for Executive Risk
- \* Most importantly, excellent results in the rate initiative and the non-renewal of distressed business.

This was accomplished with seven regional managers new in their role. This is a testimony to everyone's talent and perseverance.

With this year rapidly coming to a close and our budgeting process well underway, I thought I would identify the areas that I feel will be of greatest importance for next year's success:

### RETURN TO PROFITABILITY:

This will be our number one priority throughout the next year. It is imperative that we utilize all of our resources to meet our rate goals. While rate is crucial, profitability cannot be obtained without proper selectivity. Identify all unprofitable and unacceptable accounts and implement a gameplan that will give us the opportunity to correct or replace this business. Our product mix will also be key to future profits. We must minimize our unprofitable lines of business while aggressively growing business with a proven track record. We will redistribute resources where it makes good business sense.



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### MARKETING:

During this difficult market transition it will be critical to communicate our message and strategy clearly and often. Now, more than ever, focused agency and account management plans and their successful implementation will be the difference between victory and defeat. Special attention should be given to our partner agents, especially the agents enrolled in Mountain View Indemnity. These are the agents that have shown their commitment to us and should be the keystone of our success.

Teamwork will be the key. We must recognize that we are all interdependent on each other to achieve our business results. Through cross-selling and account rounding our results will be significantly multiplied.

### LEVERAGE SERVICE DEPARTMENTS:

Our service departments including claims, customer service, loss control, machinery breakdown risk consultants and personal lines appraisers are the envy of the industry. We must use this as a competitive advantage in our daily negotiations. The team approach to account acquisition, retention and rate increase creates a synergy that will guarantee our success.

### STAFF DEVELOPMENT:

We need to focus in on building skills that will assist us in meeting our business goals. Each employee should have a documented development plan. This is crucial for our employees continued development and our future success. Our managers' ability to develop staff will be an even larger percentage of their performance rating in the year 2000.

### EXPENSE MANAGEMENT:

Productivity through efficient management and development of our staff is the greatest single factor in reducing expenses. We must not only be sure that our folks are carrying a full load, but that they have the training, support and resources to succeed. All expenses should have an adequate return on investment. Spend money only to make money.

### COMMUNITY INVOLVEMENT/SERVICE:

Each of our communities has been good to Chubb in providing us the landscape for profitable growth. As a good corporate citizen it is only right to give back to the communities that have served us well. This is not altogether altruistic. Serving the community helps to give Chubb a greater profile and we always get back more than we give. An additional benefit to community service is improved branch teamwork. Each branch should have a planned agenda of activities that will support this endeavor.

### Summary:

The year 2000 promises to be a challenging and difficult one. However, we have the best infrastructure, staff, agency plant and account relationships in the industry. This gap between our competitors is widening daily. I look forward to working with all of you and assisting in exceeding next year's goals.

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